

More Than 49 Million Taxpayers Choose Direct Deposit for Their Federal Income Tax Refunds

The 2005 tax filing season is now here, and the U.S. Treasury Department wants taxpayers to know their options for filing federal income tax returns and receiving refunds. Tax filing season 2004 resulted in nearly 60 million taxpayers using IRS *e-file* and more than 49 million choosing to receive their refunds by direct deposit.

Direct Deposit

The use of direct deposit for federal income tax refunds has grown steadily in the last several years. Last year alone, there was a 10.8 percent increase in taxpayers choosing direct deposit. Taxpayers who opt to use direct deposit get their refunds faster—in as little as two weeks.

Direct deposit has been available for federal payments for nearly 30 years and has proven to be safe, reliable and convenient. Statistics indicate that taxpayers who receive their refunds by direct deposit have significantly fewer problems than with a paper check. If a problem does occur with a direct deposit payment, it usually can be resolved in 24 hours, compared with an average of 14 days for a replacement check.

E-file

The Internal Revenue Services' (IRS) *e-file* program is making great strides. In 2004, nearly 60 million taxpayers filed their returns electronically, using IRS *e-file*. The program has many benefits: free/low-cost filing; fast, safe refunds; security; accuracy (less than a 1 percent error rate); electronic signatures; proof of acceptance; electronic payment options; and federal/state *e-file*!

There are several ways to *e-file*: on a personal computer using tax preparation software; online *e-file* services available free to eligible taxpayers at www.irs.gov; through a professional tax preparer; or over the telephone for taxpayers who receive a TeleFile tax package. Volunteers can assist taxpayers in filing electronically at VITA (Volunteer Income Tax Assistance) and TCE (Tax Counseling for the Elderly) sites. These volunteers provide free tax preparation assistance for low-income individuals and the elderly at community locations. Find the closest VITA or TCE site by calling the toll-free number 1-800-829-1040. And, taxpayers who owe money also can pay electronically!

The IRS has entered into agreements with IRS *e-file* partners (companies) to foster the use of electronic filing. As a convenience to taxpayers, the IRS has provided links to these companies' Web sites, and the companies have provided descriptions of their products and services. The IRS and the federal government do not endorse or warrant these companies or their products or services. The decision to use or not to use any of these products and services will not result in any special treatment from the IRS. For more information about IRS *e-file* partners, visit www.irs.gov/elec_svs/partners.html.

How to Enroll in Direct Deposit

To choose a direct deposit refund, taxpayers indicate on the refund portion of the electronic return (or on the paper form 1040) their financial institution's routing transit number, their account number and the type of account (checking or savings).

Successful direct deposit payments require accurate information, including the financial institution, the depositor account number, type of account (checking or savings), and routing transit number (RTN). If the check is payable through a financial institution different from the one where the checking account is, do not use the routing number on the check. Instead, contact that financial institution for the correct routing number.

To learn about the status of your refund, visit the IRS Web site at www.irs.gov, and click on "Where's My Refund?" or call 1-800-829-1040. You will need your Social Security number, your filing status (single; married filing joint return; married filing separate returns; head of household; or qualifying widow/widower) and refund amount.

Treasury's Financial Management Service (FMS) and the IRS are collaborating to promote *e-file* and direct deposit. For direct deposit information, visit FMS' Web site at www.fms.treas.gov/eft. For general tax information, call IRS' toll-free tax help line number 1-800-829-1040 or visit www.irs.gov.